

## Message Text

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PAGE 01 MUSCAT 00950 230643Z

21

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 INR-07 NSAE-00 COME-00

XMB-02 FRB-03 TRSY-02 SP-02 AID-05 EB-07 NSC-05

CIEP-01 SS-15 STR-04 OMB-01 CEA-01 /078 W

----- 044767

R 230606Z AUG 75

FM AMEMBASSY MUSCAT

TO SECSTATE WASHDC 1403

INFO AMEMBASSY ABU DHABI

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY TEHRAN

AMEMBASSY BEIRUT

AMEMBASSY JIDDA

C O N F I D E N T I A L MUSCAT 950

E.O. 11652: GDS

TAGS: EFIN, MU, US

SUBJECT: FIRST NATIONAL CITY BANK OPENS IN OMAN AND  
PARTICIPATES IN COMMERCIAL BANK LENDING TO GOVERNMENT

1. ON AUGUST 19, FIRST NATIONAL CITY BANK OFFICIALLY  
OPENED A BRANCH IN MUSCAT, THE FIRST FOR ANY AMERICAN BANK  
IN OMAN. CITICORP VICE CHAIRMAN G.A. COSTANZO ATTENDED THE  
OPENING AFTER MEETING WITH SULTAN QABOOS IN SALALAH.

2. ACCORDING TO LOCAL FNCB MANAGER TREVOR BELL, FNCB WILL  
START OPERATIONS WITH AN INITIAL STAFF OF 21 AND PLANS TO  
EXPAND TO 29 EMPLOYEES IN 1976. FNCB HAS ALREADY LENT \$22  
MILLION TO OMAN (INCLUDING \$7 MILLION PARTICIPATION IN UBAF  
LOAN) AND HOPES GOOD RELATIONS WITH OMANGOV WILL ENHANCE THEIR  
PROSPECTS HERE. OMANGOV, ANXIOUS TO GET FNCB ESTABLISHED IN  
ORDER TO PROVIDE COMPETITION FOR BRITISH BANKS HERE, ALLOWED  
FNCB REPS ACCESS TO BRITISH BANK REPORT AND OTHER  
SENSITIVE DOCUMENTS.

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PAGE 02 MUSCAT 00950 230643Z

3. FNCB BELIEVES THAT FINANCIAL AND ECONOMIC PROSPECTS FOR

OMAN ARE REASONABLY GOOD, AT LEAST UNTIL 1980. ACCORDING TO BELL, IMF ESTIMATES OFFICIAL FOREIGN EXCHANGE RESERVES AT OVER \$150 MILLION AS OF MAY 1975, WHICH REPRESENTS HEALTHY RISE FROM LAST JANUARY (MUSCAT A-35). FNCB DOES NOT BELIEVE OMANGOV WILL HAVE PROBLEMS IN SERVICING THEIR EXTERNAL DEBT. BELL REMARKED CENTRAL BANK HAS ALREADY ESTABLISHED MORE REGULATED AND ORDERLY FINANCIAL FRAMEWORK IN CONTRAST TO LOOSE CONTROLS FORMERLY PROVIDED BY CURRENCY BOARD.

4. SENIOR FOREIGN MINISTRY OFFICIAL SPEAKING TO AMBASSADOR LAST WEEK POINTEDLY CONTRASTED FNCB'S EXTENSION OF CREDIT TO OMANGOV AND OPENING OF BRANCH HERE WITH CHASE MANHATTAN'S "REFUSAL" TO LEND TO OMAN AND FAILURE SO FAR TO PROCEED TOWARD OPENING OF BRANCH BANK DESPITE FACT IT REQUESTED AND WAS GRANTED LICENSE TO DO SO IN 1974. (FOR EMBASSY PART, WE HAVE HEARD NOTHING OF CHASE PLANS FOR OMAN SINCE EARLY MAY VISIT BY CHASE REPS WHO WERE CONDUCTING REVIEW OF OMANI SITUATION ON BEHALF OF BANK'S MANAGEMENT.)  
WOLLE

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ESTABLISHMENT OF OFFICES, COMMERCIAL BANKS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 23 AUG 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** ShawDG  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975MUSCAT00950  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Film Number:** D750292-0473  
**From:** MUSCAT  
**Handling Restrictions:** n/a  
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**Line Count:** 80  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ShawDG  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 25 JUN 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <25 JUN 2003 by BoyleJA>; APPROVED <12 NOV 2003 by ShawDG>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** FIRST NATIONAL CITY BANK OPENS IN OMAN AND PARTICIPATES IN COMMERCIAL BANK LENDING TO GOVERNMENT  
**TAGS:** EFIN, MU, US, FIRST NATIONAL CITY BANK  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006